

**304.50-085 Operation of group by board of trustees -- Powers and duties -- Prohibited acts -- Power to contract, sue, and be sued -- Contracts for administration of group.**

- (1) Each self-insured group shall be operated by a board of trustees. Except for a self-insured group formed by governmental entities, the board of trustees for each self-insured group shall consist of at least two (2) but not more than twenty (20) persons selected in the manner prescribed in the bylaws of the self-insured group or other laws of the Commonwealth.
- (2) The board of trustees shall:
  - (a) Be residents of Kentucky or officers of corporations authorized to do business in Kentucky;
  - (b) Administer the operations of the workers' compensation self-insured group ensuring that there is adequate funding to pay compensation required by KRS Chapter 342, that all claims are paid promptly and processed to conclusion, and that all necessary precautions are taken to safeguard the assets of the group;
  - (c) Maintain responsibility for all moneys collected or disbursed from the group;
  - (d) Maintain minutes of its meetings and make the minutes available to the commissioner and group members;
  - (e) Designate an administrator to carry out the policies established by the board of trustees and to provide day-to-day management of the self-insured group;
  - (f) Develop rates and collect premium and assessments; and
  - (g) Invest the self-insured group's funds.
- (3) The board of trustees shall not:
  - (a) Extend credit to individual group members for payment of premiums or assessments, except in accordance with payment plans filed with the commissioner;
  - (b) Permit the loan of any moneys to or borrow any moneys from the self-insured group or in the name of the group, except that a workers' compensation self-insured group formed by governmental entities may borrow moneys in the name of the group; or
  - (c) Have a direct or indirect pecuniary interest in a service organization.
- (4) A workers' compensation heterogeneous self-insured group may contract and may sue and be sued in the name adopted by the group.
- (5)
  - (a) The trustees may contract with a service organization, an administrator, or a fiscal agent to carry out the administration of the workers' compensation self-insured group.
  - (b) A service organization and its employees and agents shall be duly licensed to perform those functions for which a license is required under Kentucky law.
  - (c) A revolving fund of not more than twenty percent (20%) of estimated premiums may be established for use by a service organization for the

payment of claims.

- (6) In its discretion, the workers' compensation self-insured group may refer to its trustees as directors. If this is done, the provisions of this subtitle referring to trustees shall be construed as referring to directors.

**Effective:** June 25, 2013

**History:** Amended 2013 Ky. Acts ch. 75, sec. 2, effective June 25, 2013. -- Amended 2010 Ky. Acts ch. 24, sec. 1637, effective July 15, 2010. -- Created 2005 Ky. Acts ch. 7, sec. 17, effective March 1, 2005.